

Message Text

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13/44

ACTION STR-02

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 7438

INFO AMEMBASSY BONN

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AMEMBASSY LONDON

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C O R R E C T E D C O P Y F O R T A G S A N D S U B J E C T)

E.OM 11652: NA

TAGS: ETRD, OVIP, IT (EBERLE, WILLIAM D.)

SUBJECT: AMBASSADOR EBERLE'S PRESIDENTIAL ECONOMIC MISSION
TO ITALY.

1. SUMMARY. DESPITE GOVERNMENT CRISIS AMB. EBERLE AND HIS GROUP
HAD SUCCESSFUL VISIT ROME. EBERLE WAS ABLE TO CLARIFY EXPECTED
INTERNATIONAL IMPACT OF PRESIDENT FORD'S ECONOMIC PROGRAM WITH
TREASURY MINISTER COLOMBO AND BUDGET AND PLANNING MINISTER FIOLETTI.
AMB. EBERLE AND CEA MEMBER SEEVERS ALSO EXPLAINED US VOLUNTARY PRO-
GRAM FOR AGRICULTURAL EXPORTS WHICH IN PARTICULAR EASED ITALIAN
CONCERNS. ITALIANS STRESSED THEIR COMMITMENT TO INTERNATIONAL
COOPERATION. SENIOR AGRICULTURE MINISTRY OFFICIAL PROPOSED OFF-
ICIAL EXCHANGE OF INFORMATION ON LARGE AGRICULTURAL ORDERS TO
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COUNTER SPECULATION. US FINANCIAL ASSISTANCE WAS NOT DISCUSSED.

END SUMMARY

2. SCHEDULE FOR AMBASSADOR EBERLE AND PARTY FOLLOWED OUTLINE (ROME 13990) WITH EXCEPTION OF APPOINTMENT WITH BANK OF ITALY GOVERNOR CARLI WHICH WAS CANCELLED WHEN CARLI SUMMONED TO SENATE. AMB. EBERLE SAW THE THREE MOST IMPORTANT ITALIAN MINISTERS OF CARETAKER GOVERNMENT AND ACTING DG FAO JACKSON. CEA MEMBER SEEVERS ALSO SAW DG AGRICULTURE MINISTRY. OTHER MEMBERS MET WITH MFA DIRECTOR GENERAL ECONOMIC AFFAIRS AMBASSADOR GUAZZARONI, HIS DEPUTY RICUILLI, MINISTER FRANCISCI, IN CHARGE EC AFFAIRS AND CALAMIA, OFFICE DIRECTOR FOR GATT-EC AFFAIRS.

3. ECONOMIC GROWTH AND INFLATION. BOTH COLOMBO AND GIOLITTI WERE CONCERNED OVER THE CONSEQUENCES OF PROBABLE ZERO GROWTH FOR THE US ECONOMY THROUGH FIRST HALF OF 1975. COLOMBO STRESSED THAT MAINTENANCE OF EMPLOYMENT AND ANY ITALIAN GROWTH IN 1975 WILL DEPEND ON INCREASED ITALIAN EXPORTS. BOTH EVENTUALLY RECOGNIZED THAT US PROGRAM IS ESSENTIALLY NEUTRAL, CANNOT BE EXPECTED TO DAMAGE TRADING PARTNERS, AND IS NECESSARY TO COUNTER INFLATION. GIOLITTI CITED PRESIDENT'S PROGRAM AS AN EXAMPLE FOR OTHERS TO FOLLOW. HE FORECAST MORE AUSTERITY FOR ITALY, DEEP CONCERN OVER STAGFLATION AND THE NEED FOR THE GOI TO REACH AGREEMENT WITH UNIONS ON A VOLUNTARY INCOMES AND PRICE POLICY. GUAZZARONI OF MFA IN DISCUSSION WITH HORMATS AND BOEKER SKETCHED ITALIAN THINKING ON INTERNATIONAL COOPERATION TO RESTRAIN INFLATION STRESSING INCREASED COORDINATION OF ECONOMIC POLICIES (INCLUDING SECTORAL APPROACH) WITHIN EC AND IN IMF, WITH OECD PLAYING SOMEWHAT SECONDARY ROLE.

4. ENERGY. COLOMBO AND GIOLITTI WERE PARTICULARLY INTERESTED IN OIL REDUCTION ASPECTS OF PRESIDENT'S PROGRAM. BOTH ARE SERIOUSLY CONCERNED OVER ITALIAN OIL DEFICIT IN 1975 OF SOME FIVE BILLION DOLLARS AND ARE GRAPPLING WITH PROBLEM OF HOW TO REDUCE ITALIAN DEMAND FOR OIL PRODUCTS. COLOMBO STRESSED PRACTICAL DIFFICULTY IN REDUCING CONSUMPTION IN SHORT AND MEDIUM TERM WITHOUT DAMAGING ITALIAN ECONOMY. GIOLITTI MENTIONED POSSIBLE GASOLINE RATIONING.

5. AGRICULTURE. FOLLOWING SEEVRS' PRESENTATION TO MINAG DIRECTOR GENERAL FOR AGRICULTURAL POLICY VICENZO DI CHIO LATER TOLD SEEVERS THAT ITALIANS CLEARLY UNDERSTAND THE US POSITION ON THE RECENT LIMITED OFFICIAL USE

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BLOCKING OF GRAIN SALES TO THE SOVIET UNION AND WELCOMED HIS ASSURANCES THAT NORMAL SALES TO COUNTRIES LIKE ITALY WOULD NOT BE AFFECTED. DI CHIO ALSO WELCOMED US SURVEILLANCE OF SALES TO NON-TRADITIONAL CUSTOMERS. DI CHIO EXPRESSED ITALIANS' WISH TO COOPERATE WITH USG FOR COMMODITY MARKET STABILITY AND PROPOSED THAT PROCEDURE COULD BE SET UP WHEREBY ITALY COULD RECEIVE INFORMATION ON ITS IMPORTERS' PURCHASES, PARTICULARLY ANY WHICH MIGHT BE INORDINATELY LARGE. IN THIS WAY, GOI COULD CHECK FOR ARTIFICIAL

PRICE INCREASES ON SALES WITHIN ITALY. DR. SEEVERS AGREED TO EXPLORE PROPOSAL. DI CHIO ALSO NOTED THAT ITALY WISHED TO PREVENT PUBLIC OPINION FROM BLAMING THE US FOR RISING FEED PRICES WHEN THESE NOT DUE TO US POLICIES BUT TO SPECULATORS' MANIPULATION. ON WORLD FOOD RESERVES, DI CHIO SAID HE COULD CLEARLY STATE THAT ITALY FAVORS SUCH A SYSTEM, THAT IT WAS MORE A QUESTION OF COURAGE THAN MONEY IN BRINGING ABOUT SUCH A SYSTEM.

6. FAO AND WFC. AMBASSADOR EBERLE AND SEEVERS MET WITH ACTING DG FAO ROY JACKSON AND HIS ASSISTANT A.G. LEEKS. JACKSON SAID BOERMA'S REACTION TO US VOLUNTARY RESTRAINTS PROGRAM IS FAVORABLE AS BOERMA HAD STATED IN HIS OCT 10 PRESS CONFERENCE. EBERLE STRESSED TO JACKSON US RESERVATIONS REGARDING DISCUSSION OF SPECIFICS, (SUCH AS QTE TARGETS UNQTE) OF FOOD RESERVE PROGRAM. JACKSON NOTED THAT BOERMA IS CONSIDERING CALLING A FOOD EXPORTERS MEETING AND AGREED TO CONSULT WITH BOERMA WHEN EBERLE ASKED THAT BOERMAN FIRST DISCUSS THE MATTER WITH THE USG AFTER TREASURY SECRETARY SIMON'S RETURN FROM THE SOVIET UNION.

7. PRESS REACTION. PRESS COVERAGE WAS FACTUAL AND FAVORABLE BUT UNEVEN. ROME IL TEMPO MADE MISSION PRINCIPAL ARTICLE OF ITS ECONOMIC SECTION, HEADLINING QTE FORD'S ECONOMIC AMBASSADOR IN TALKS IN ROME WITH COLOMBO AND GIOLITTI UNQTE WITH SIX COLUMN ARTICLE QUOTING EXTENSIVELY FROM TREASURY MINISTRY COMMUNIQUE, WHICH ALSO CARRIED IN LESSER DEGREE IN OTHER PRESS STORIES (CORRIERE DELLA SERA, IL MESSAGERO.) ARTICLE ALSO CARRIES STATEMENT BY DI CHIO COMMENTING FAVORABLY ON SEEVERS' EXPLANATION OF US VOLUNTARY RESTRAINTS PROGRAM. WHILE MOST PRESS CARRIED STORIES ON VISIT, COMMUNIST L'UNITA AND MILAN DAILY IL GIORNALE WERE EXCEPTIONS. TONE OF ARTICLES INVARIABLY FACTUAL AND FAVORABLE. MOST STORIES CARRY EBERLE'S STATEMENT THAT US FINANCED ASSISTANCE NOT DISCUSSED.

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8. CONVERSATION WITH UNDERSECRETARY PEDINI CONCERNING NUCLEAR REACTORS REQUIRES EMBASSY FOLLOWUP AND WILL BE REPORTED SEPARATELY. VOLPE

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